



Senate

General Assembly

File No. 647

January Session, 2001

Substitute Senate Bill No. 1334

Senate, May 8, 2001

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL DEVELOPMENT PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-186 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 It is found and declared that the economic welfare of the state
4 depends upon the continued growth of industry and business within
5 the state; that the acquisition and improvement of unified land and
6 water areas and vacated commercial plants to meet the needs of
7 industry and business, or of a public or private educational institution
8 under section 5 of this act, should be in accordance with local, regional
9 and state planning objectives; that such acquisition and improvement
10 often cannot be accomplished through the ordinary operations of
11 private enterprise at competitive rates of progress and economies of
12 cost; that permitting and assisting municipalities to acquire and
13 improve unified land and water areas and to acquire and improve or

14 demolish vacated commercial plants for industrial and business
15 purposes, or for the benefit of a public or private educational
16 institution under section 5 of this act, and, in distressed municipalities,
17 to lend funds to businesses and industries, or to, and for the benefit of,
18 a public or private educational institution under section 5 of this act,
19 within a project area in accordance with such planning objectives are
20 public uses and purposes for which public moneys may be expended;
21 and that the necessity in the public interest for the provisions of this
22 chapter is hereby declared as a matter of legislative determination.

23 Sec. 2. Section 8-187 of the general statutes is repealed and the
24 following is substituted in lieu thereof:

25 As used in this chapter, (1) "municipality" means a town, city,
26 consolidated town and city or consolidated town and borough; (2)
27 "legislative body" means (A) the board of selectmen in a town that
28 does not have a charter, special act or home rule ordinance relating to
29 its government or (B) the council, board of aldermen, representative
30 town meeting, board of selectmen or other elected legislative body
31 described in a charter, special act or home rule ordinance relating to
32 government in a city, consolidated town and city, consolidated town
33 and borough or a town having a charter, special act, consolidation
34 ordinance or home rule ordinance relating to its government; (3)
35 "development agency" means the agency designated by a municipality
36 under section 8-188 through which the municipality may exercise the
37 powers granted under this chapter; (4) "development project" means a
38 project conducted by a municipality for the assembly, improvement
39 and disposition of land or buildings or both to be used principally for
40 industrial or business purposes, or for the purposes of a public or
41 private educational institution under section 5 of this act, and includes
42 vacated commercial plants; (5) "vacated commercial plants" means
43 buildings formerly used principally for business or industrial purposes
44 of which more than fifty per cent of the usable floor space is, or which
45 it is anticipated, within eighteen months, shall be, unused or

46 substantially underutilized; (6) "project area" means the area within
47 which the development project is located; (7) "commissioner" means
48 the Commissioner of Economic and Community Development; (8)
49 "planning commission" means the planning and zoning commission
50 designated pursuant to section 8-4a or the planning commission
51 created pursuant to section 8-19; (9) "real property" means land,
52 subterranean or subsurface rights, structures, any and all easements,
53 air rights and franchises and every estate, right or interest therein; and
54 (10) "business purpose" includes, but is not limited to, any commercial,
55 financial or retail enterprise and includes any enterprise which
56 promotes tourism and any property that produces income.

57 Sec. 3. Section 8-189 of the general statutes is repealed and the
58 following is substituted in lieu thereof:

59 The development agency may initiate a development project by
60 preparing a project plan therefor in accordance with regulations of the
61 commissioner. The project plan shall include: [(a)] (1) A legal
62 description of the land within the project area; [(b)] (2) a description of
63 the present condition and uses of such land or building; [(c)] (3) a
64 description of the types and locations of land uses or building uses
65 proposed for the project area; [(d)] (4) a description of the types and
66 locations of present and proposed streets, sidewalks and sanitary,
67 utility and other facilities and the types and locations of other
68 proposed site improvements; [(e)] (5) statements of the present and
69 proposed zoning classification and subdivision status of the project
70 area and the areas adjacent to the project area; [(f)] (6) a plan for
71 relocating project-area occupants; [(g)] (7) a financing plan; [(h)] (8) an
72 administrative plan; [(i)] (9) a marketability and proposed land-use
73 study or building use study if required by the commissioner; [(j)] (10)
74 appraisal reports and title searches; [(k)] (11) a statement of the
75 number of jobs which the development agency anticipates would be
76 created by the project and the number and types of existing housing
77 units in the municipality in which the project would be located, and in

78 contiguous municipalities, which would be available to employees
79 filling such jobs; and [(l)] (12) findings that the land and buildings
80 within the project area will be used principally for industrial or
81 business purposes, or for the purposes of a public or private
82 educational institution under section 5 of this act; that the plan is in
83 accordance with the plan of development for the municipality adopted
84 by its planning commission and the plan of development of the
85 regional planning agency, if any, for the region within which the
86 municipality is located; that the plan is not inimical to any state-wide
87 planning program objectives of the state or state agencies as
88 coordinated by the Secretary of the Office of Policy and Management;
89 that the project will contribute to the economic welfare of the
90 municipality and the state; and that to carry out and administer the
91 project, public action under this chapter is required. Any plan which
92 has been prepared by a redevelopment agency under chapter 130 may
93 be submitted by the development agency to the legislative body and to
94 the commissioner in lieu of a plan initiated and prepared in accordance
95 with this section, provided all other requirements of this chapter for
96 obtaining the approval of the commissioner of the project plan are
97 satisfied.

98 Sec. 4. Subsection (a) of section 32-285 of the general statutes is
99 repealed and the following is substituted in lieu thereof:

100 (a) There is hereby established a tax incremental financing program,
101 under which the incremental sales taxes collected under chapter 219,
102 [and] the admissions, cabaret and dues taxes collected under chapter
103 225, [which] fifty per cent of any net increase in grants in lieu of taxes
104 for state-owned real property authorized under section 12-19a that are
105 a result of new development or expansion by a state institution of
106 higher education, and fifty per cent of any net increase in grants in lieu
107 of taxes authorized under section 12-20a that are a result of new
108 development or expansion by a private nonprofit institution of higher
109 education, which taxes or increases in grants are generated by a project

110 approved by the authority under this section, may be used to pay the
111 debt service on bonds issued by the authority to help finance, on a self-
112 sustaining basis, significant economic projects and encourage their
113 location in the state.

114 Sec. 5. (NEW) Any municipality may initiate a development project,
115 as defined in section 8-187 of the general statutes, as amended by this
116 act, for the purposes of a public or private educational institution
117 provided the application for such project is received by such
118 municipality before July 1, 2006.

119 Sec. 6. Section 8-191a of the general statutes is repealed and the
120 following is substituted in lieu thereof:

121 No plan prepared and approved under sections 8-189 and 8-191,
122 which includes the findings enumerated in [subsection (k)] subdivision
123 (11) of section 8-189, as amended by this act, shall be invalid and
124 deemed ineffective solely because of the commissioner's failure to
125 comply with any provision of sections 22a-1a to 22a-1f, inclusive. All
126 actions taken by the commissioner between February 1, 1975, and June
127 14, 1977, are validated. Nothing in this section or section 8-191, 8-193 or
128 8-196 shall relieve the commissioner from [his] any obligation to
129 comply with sections 22a-1a to 22a-1f, inclusive, subsequent to June 14,
130 1977.

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Connecticut Development Authority (quasi-public), Department of Economic and Community Development

Municipal Impact: See Explanation Below

Explanation**State and Municipal Impact:**

Allowing the Commissioner of the Department of Economic and Community Development (DECD) to make planning grants to municipalities to help develop educational institution projects could increase costs to the state and increase revenue to municipalities, to the extent that additional grants are awarded. The exact impact is unknown.

To the extent that allowing PILOT payments to fund Tax Incremental Financing (TIF) projects results in a greater amount of projects to be approved this would result in additional service costs to the state.

Allowing the Connecticut Development Authority (CDA) to issue bonds on behalf of a municipality for a project involving an educational institution is not anticipated to result in a fiscal impact to the CDA. The CDA already can issue development bonds on behalf of municipalities for development projects. It is assumed that towns

electing to issue bonds under the provisions of the bill would experience a positive long-term impact.

OLR BILL ANALYSIS

sSB 1334

AN ACT CONCERNING MUNICIPAL DEVELOPMENT PROJECTS.**SUMMARY:**

This bill allows a municipality to acquire and improve land and water areas; demolish vacant commercial structures; and, in the case of a distressed municipality, lend money to, or for the benefit of, a public or private educational institution. A municipality can currently take such actions for an industrial or business development project. But the bill limits municipal development projects for educational institutions to those that file applications with a municipality before July 1, 2006.

Under the bill, a municipality may issue development bonds, or the Connecticut Development Authority (CDA) may do so on its behalf, for a project involving an educational institution. The bill subjects such projects to the same requirements as industrial or business projects. Among these are requirements to designate a municipal development agency and adopt a project plan after holding a public hearing. The bill also allows the commissioner of economic and community development to make planning grants to municipalities to help develop educational institution projects.

The bill also expands the CDA's tax incremental financing (TIF) program to allow it to apply 50% of any net increases in state payments in lieu of taxes (PILOTs) resulting from a new development or expansion by a state or private nonprofit higher education institution to debt service on bonds CDA issues to help finance significant economic projects and encourage their location in the state. Towns may already pledge PILOT payments to repay municipal or CDA development bonds.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 43 Nay 0